

# Standing Offer Program (SOP)

## SOP Changes and Process Review

February 23, 2011

# Agenda

- Overview of the SOP
- SOP Program
  - What Stayed the Same
  - Key SOP Changes
- SOP Application Process
- Next Steps
- Questions and Answers

# Overview of the SOP

## Past Information Sessions and Presentations

- Summer 2008                      Standing Offer Program Information Sessions –  
Launch of SOP April 11, 2008
- January 28, 2010                SOP 2 Year Review Webcast
- July 15, 2010                    Recommendations for SOP Pricing and SOP  
Changes

## Overview of the SOP

- The provincial government's Energy Plan directed BC Hydro to implement a Standing Offer Program
- BC Hydro launched the SOP in April 2008
- Clean Energy Act enacted in June 2010
- Conducted a review of the program in 2010 and submitted the SOP 2-year Review Report to the BC Provincial Government
- Regulation was enacted to increase the upper project size limit for the SOP from 10 MW to 15 MW
- Implemented the changes in the recently launched SOP early this year

# SOP Program

## What stayed the same...

- SOP price is based on region and will not vary by technology
- Escalation
- Mandatory transfer of Environmental Attributes
- Interconnection requirements
- Ineligibility of F2006 Call Projects (until 3 years after EPA termination)
- Permitting, site control and zoning requirements
- Project behind a customer load and BC Hydro incentives

# SOP Program Changes

## Key SOP Changes...

- Increased SOP Price by Region
- SOP price Includes Value of Environmental Attributes
- Increased Interconnection Network Upgrade Threshold Amount
- New Time of Delivery Table
- Interconnection Screening Process
- Eligibility of Completed Prototype Generation Technologies
- Increased Upper Project Size Limit - 15 MW
- Auxiliary Fuel
- Discretion
- Pre-Application Meeting
- First Nations Consultation Requirements
- Interconnection delays
- Buyer Turndown Right
- Term of EPA vs. term of permits

## Increased SOP Price by Region

\$/MWh	Van Island	Lower Main	Kelly/ Nicola	Central Interior	Peace Region	North Coast	South Interior	East Kootenay
<b>New SOP Pricing</b>	<b>102.25</b>	<b>103.69</b>	<b>97.02</b>	<b>99.26</b>	<b>94.86</b>	<b>96.17</b>	<b>98.98</b>	<b>102.18</b>
Original SOP Pricing	88.76	88.38	84.77	81.95	74.23	75.69	76.61	80.44
<b>Increase</b>	<b>13.49</b>	<b>15.31</b>	<b>12.25</b>	<b>17.31</b>	<b>20.63</b>	<b>20.48</b>	<b>22.38</b>	<b>21.74</b>
<b>% Increase</b>	<b>15%</b>	<b>17%</b>	<b>14%</b>	<b>21%</b>	<b>28%</b>	<b>27%</b>	<b>29%</b>	<b>27%</b>

- The new SOP prices by region are based on the Clean Power Call
- These base prices are in 2010 dollars and will be adjusted for CPI escalation and time of delivery factors

## **SOP Price Includes the Value of Environmental Attributes (EA)**

- Mandatory transfer of EA
- There is no additional payment for EA
- EA were embedded in the CPC bid prices, which were used to derive the proposed SOP price

## Increased Interconnection Network Upgrade (INU) Threshold Amount

- Original INU Threshold = \$87,500/MW
- **Updated INU Threshold = \$150,000/MW**
- Developers will be responsible for all costs in excess of the INU threshold

# New Time of Delivery Table

**Off Peak:** 10pm–6am, Mon-Sat. All day Sun

**Peak:** 6am-4pm & 8pm-10pm, Mon-Sat.

**Super Peak:** 4pm-8pm, Mon-Sat.

**LLH = Off Peak**

**HLH = Peak + Super Peak**

	Old SOP	
	LLH	HLH
January	106%	125%
February	110%	126%
March	106%	114%
April	95%	103%
May	76%	92%
June	72%	90%
July	72%	91%
August	81%	95%
September	88%	96%
October	97%	108%
November	102%	109%
December	102%	122%

Revised SOP		
Off-Peak	Peak	Super Peak
105%	122%	141%
101%	113%	124%
99%	112%	124%
85%	95%	104%
70%	82%	90%
69%	81%	87%
79%	96%	105%
86%	101%	110%
91%	107%	116%
93%	112%	127%
99%	112%	129%
104%	120%	142%

## Interconnection Screening Process

- Standardized and simplified interconnection feasibility assessment for projects between 0.05 MW and 15 MW that intend to connect to BC Hydro's primary distribution system below 35 kV
- Identify the scope, costs, and timeframe of the supplemental studies required for projects that fail one or more screen(s)
- Provide a high level assessment of the minimum technical requirements and cost range (level) of potential network upgrades
- Projects that pass all screens may follow a fast track interconnection

# Eligibility of Completed Prototype Generation Technologies

- SOP is open to all clean generation (except nuclear) or high efficiency co-generation technologies that meet the requirements to be considered either:
  - Commercial Operation Generation Technology or
  - Completed Prototype Generation Technology
- Completed Prototype Generation Technology projects must meet all SOP requirements and will receive the same price as Commercial Operation Generation Technologies
- Projects that use a Completed Prototype Generation Technology are required to complete a Completed Prototype Generation Technology Certification from a registered or licensed professional engineer

## Increased Upper Project Size Limit to 15 MW

- Upper project size limit increased by way of regulation from the Provincial Government from 10 MW to 15 MW
- The following projects are eligible to participate in the SOP:
  - New generators with a nameplate capacity between 0.05 MW to 15 MW
  - Existing generators with a nameplate capacity greater than 0.05 MW with no upper limit but Project capacity for electricity sold under an SOP EPA cannot exceed 15 MW

## Auxiliary Fuel

- Adopt BioEnergy Call treatment concerning auxiliary fuel, which is to allow an unlimited amount of non-clean fuel for start-up, and cap the amount of non-clean fuel used by a new facility for auxiliary purposes at 3% of total fuel use
- For existing facilities that use non-clean fuel, a generator baseline (GBL) will be established. All non-clean fuel will be allocated to generation below the GBL. BC Hydro will only purchase clean energy above the GBL.

## Discretion

- BC Hydro may waive any provision of the SOP Rules including eligibility criteria where BC Hydro determines that waiver would be consistent with the objectives of the SOP.

## Pre-Application Meeting

- SOP Rules include an opportunity for a pre-application meeting for prospective Standing Offer Program applicants
- This optional pre-application meeting provides an opportunity for the developer to discuss with BC Hydro any items related to the SOP, the application process as well as their project

# First Nations Consultation Requirements

- BC Hydro will continue to assess the adequacy of First Nations consultation prior to entering into an EPA
- Program Rules now include a description of First Nations consultation requirements as part of the application review process
- Consultation with First Nations should be well advanced at the time of SOP application submission
- Consultation must be adequate to enter into an EPA
- Revised SOP EPA has adopted the First Nations sections from the CPC EPA

## Interconnection Delays

- Aligned treatment of distribution and transmission connected projects by amending the contract language for distribution-connected projects such that BC Hydro will no longer pay for energy that cannot be delivered due to delays in the construction of interconnection facilities.

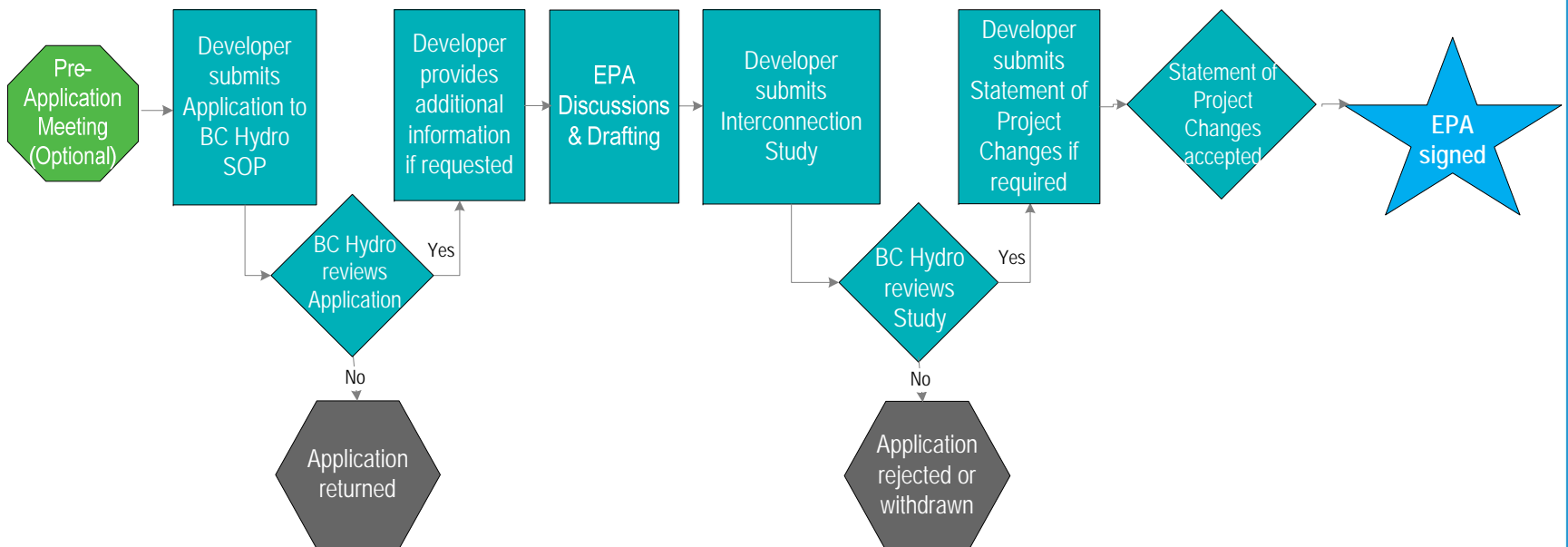
## Buyer Turndown Right

- EPA includes a BC Hydro right to turn down SOP projects and pay seller for energy that could have been generated during the turn down period.

## Term of EPA vs. Term of Permits

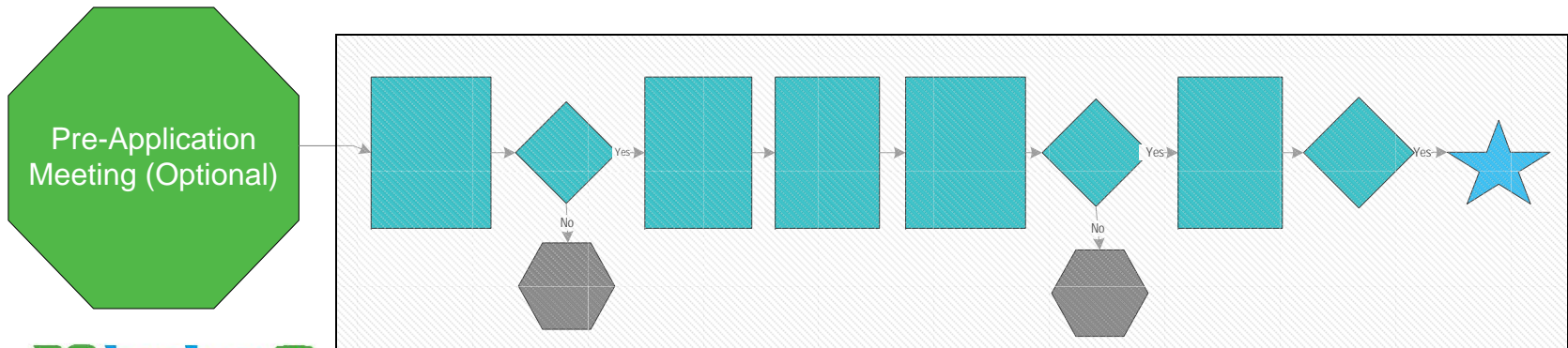
- EPA can be terminated by BC Hydro if a material permit or tenure has expired and has not been successfully renewed prior to the expiry of the EPA

# SOP Application Process



# Optional Pre-Application Meeting

- Opportunity to review:
  - Application Process
  - Standard Form EPA
  - Interconnection requirements
  - First Nations consultation requirements
  - Other matters to facilitate the SOP Application Process
- Request by email to the SOP Administrator ([standing.offer@bchydro.com](mailto:standing.offer@bchydro.com)) and include:
  - 2 hard copies of the Confidentiality and Compliance Agreement
  - List of specific questions

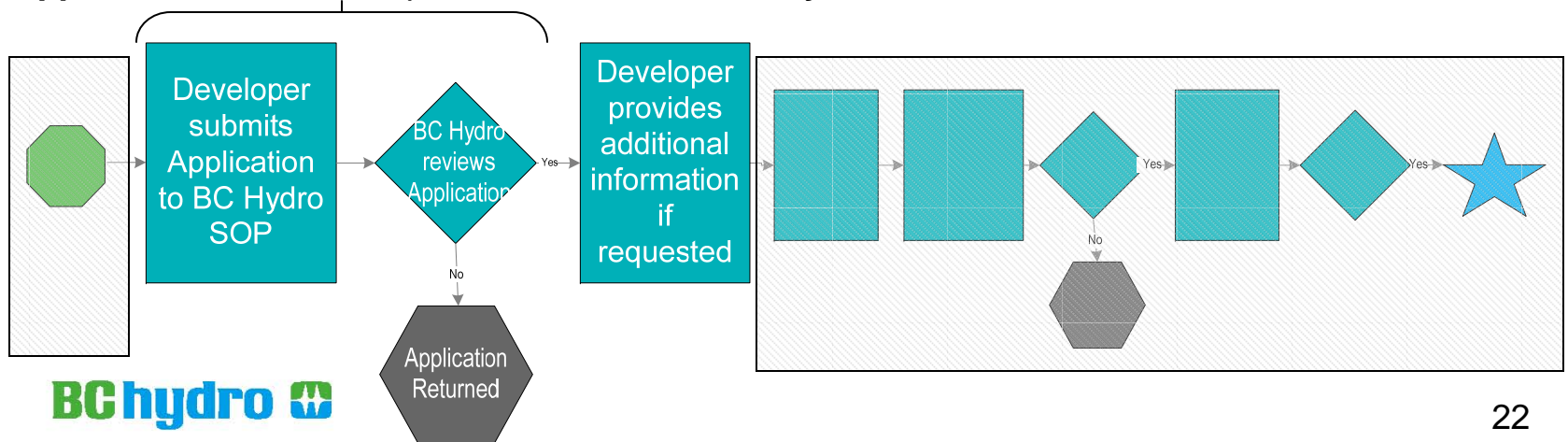


# Developer Submits Application

- Application Package includes:
  - One hard copy of Application Form and all exhibits
  - One electronic copy on CD-ROM of Application Form and all exhibits
  - Signed Confidentiality & Compliance Agreement (two hard copies)

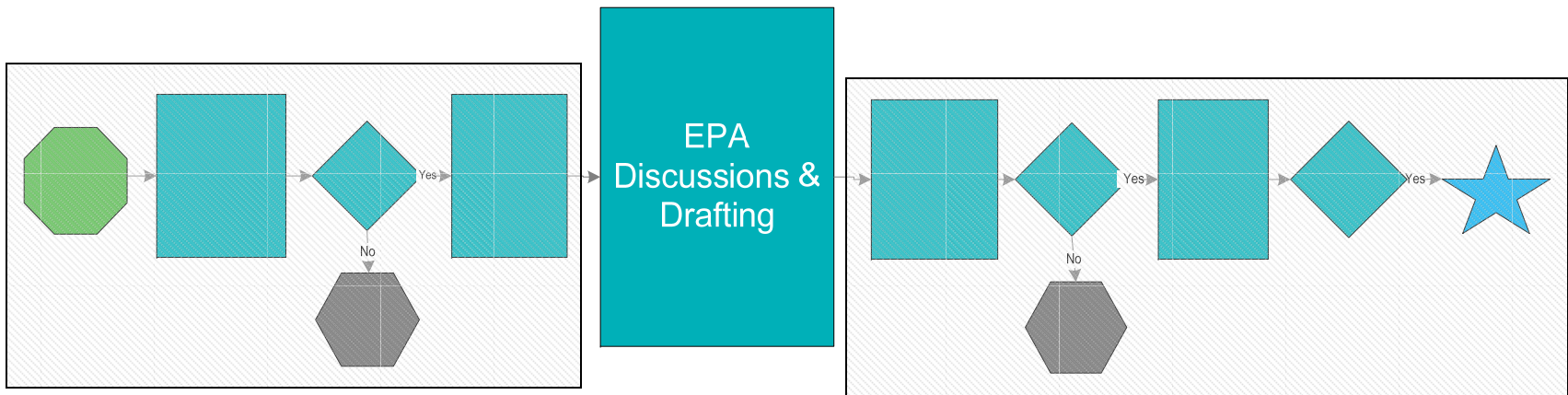
\*Please Note: Projects should be well defined with key permits, licenses and approvals in place, financing and First Nations Consultation should be well advanced, and contact should have occurred with BC Hydro Interconnections

## Application Review completed in 45 Business Days



# EPA Discussions

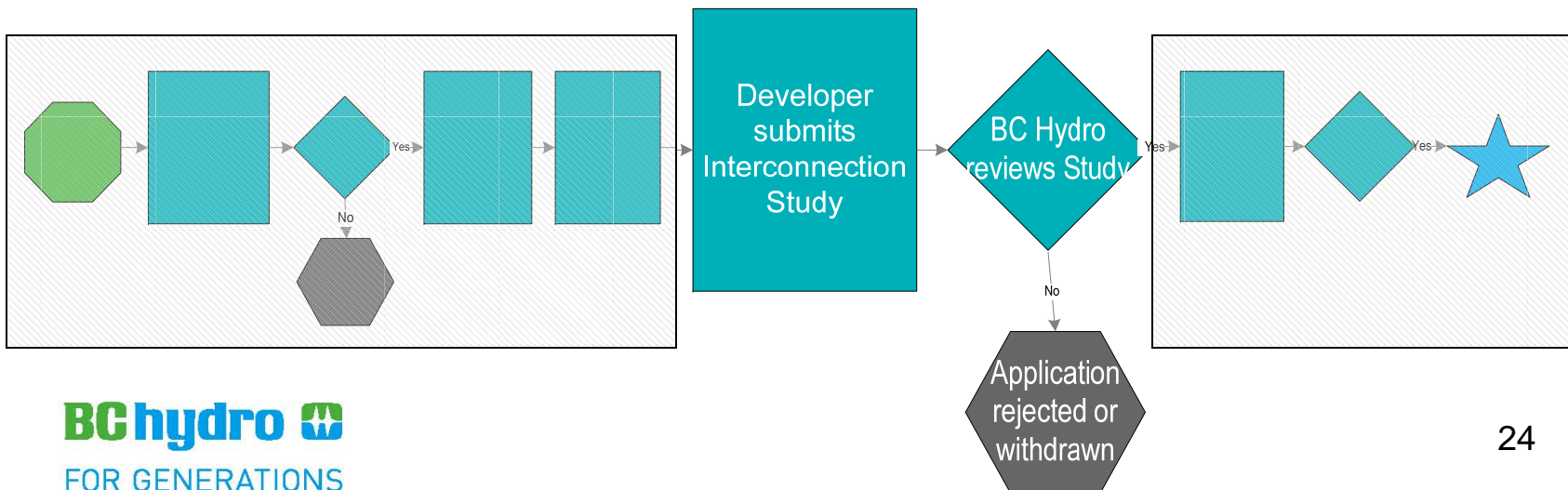
- Developer can suggest EPA changes in Section 6 of the Application Form.
- BC Hydro may identify required changes to the Standard Form EPA based on the information submitted in the Application.
- Developers have **30 days** to review and respond to EPA changes proposed by BC Hydro.



# Interconnection Study

Steps involved in submitting an Interconnection Study to BC Hydro's SOP Program:

- Developers coordinate the timing of Interconnection Studies & SOP Application
- Interconnection Study Application submitted to BC Hydro Interconnections
- BC Hydro Interconnections provides the Developer with the Study results
- Developer submits the Interconnection Study result to the SOP Administrator
- BC Hydro will review the Interconnection Study to determine if the Project meets the SOP eligibility requirements.



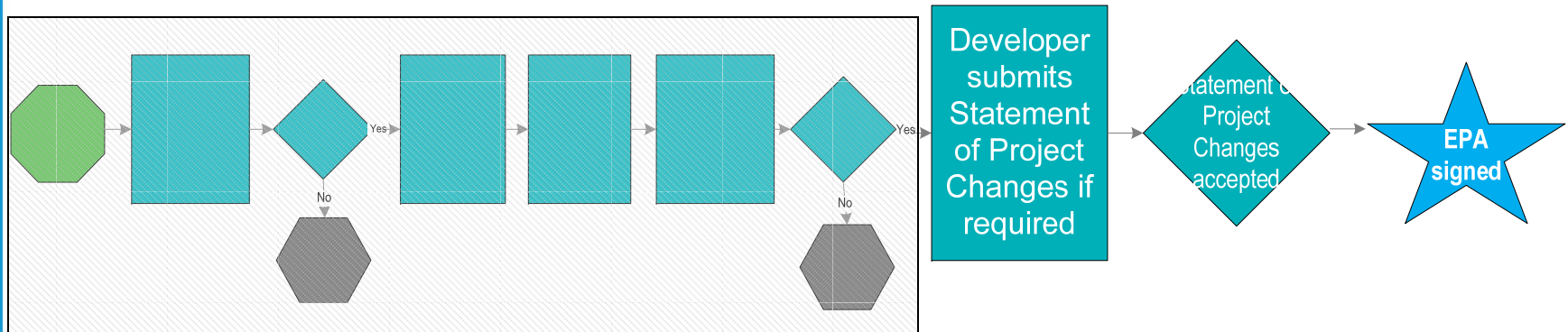
# EPA Signed

The following must occur before an EPA is finalized:

- Complete application package submitted and accepted;
- Project specific EPA terms agreed;
- Interconnection Study results submitted and accepted; and
- Statement of Project Changes submitted and accepted (if requested)

BC Hydro will respond to the Developer with an offer of a Project EPA or notice of rejection and then:

- Developers have **15 calendar days** to return a signed Project EPA
- BC Hydro has **15 calendar days** to sign and return the Project EPA



## Next Steps

- In 2 years BC Hydro will assess the SOP results to determine whether there is sufficient uptake
- The 2007 BC Energy Plan states that the SOP prices will be updated regularly but not more than annually
- BC Hydro's next complete review of the SOP will be conducted in 4-5 years


# Questions and Answers

To ask a question: Press 01

To exit the question queue: Press #

Deborah Overholt	EPA
Laura Creech	SOP 2 year review
Bob Ayers	First Nations
Cecilia Harris	Process
Mark Dayton	Distribution interconnection
Bryan Corns	Transmission interconnection
Alex Tu	Technology
David Ingleson	Permitting
Linda Sahota	Program Manager

## SOP Resources & Contact Information

- Program Website: [www.bchydro.com/standingoffer](http://www.bchydro.com/standingoffer)
- Email: [standing.offer@bchydro.com](mailto:standing.offer@bchydro.com)
- All Interconnection inquiries (Distribution or Transmission connections): [interconnections@bchydro.com](mailto:interconnections@bchydro.com)
- Today's presentation: available from the Live Meeting 'Handouts'  or from [www.bchydro.com/ippworkshops](http://www.bchydro.com/ippworkshops)